

Health Insurance Advisory Council

June 20, 2006

5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Domenic Delmonico, Howard Dulude, Elizabeth Walsh, Bill Martin, Serena Sposato, Chris Koller (Co-Chair)

Health Plans: Tom Boyd, Jim Joy, Jason Martesian, Ken Pariseau

OHIC Staff: John Cogan, Adrienne Evans, Matthew Stark, Patricia Huschle

Excused: Patrick Quinn, Craig O'Connor, Ann Rhodes, Hub Brennan, MD, Rick Brooks, Dawn Wardyga, Denise Lynn, Josh Miller

1. Introductions

- Members of the Council introduced themselves.**

2. Updates

- Health Plan Reserves**

Mr. Koller informed the group that Lewin has completed all the examination reports and a summary report. The plans have commented on their own reports. There is now a thirty day period after which OHIC can accept, reject or call a hearing regarding the

reports.

Mr. Koller reviewed a one page summary of Lewin's recommended reserve ranges (expressed as a percent of annual revenues), the plan's current position, their own recommendations and mandated regulatory control levels.

BCBSRI

Maintains its targeted reserve range should be two to four points higher than recommended by Lewin.

Council members offered little comment on this issue.

UHCNE

Maintains its reserves should be at the level at which its guarantee with its corporate parent maintains. This would indicate an overfunding of some \$57 million, presumably to be claims by Units as ordinary and extraordinary dividends.

Lewin made no recommendation because of the difficulty of assessing the risks associated with reinsurance contracts and corporate guarantees.

Council members in general were not receptive to United's position. They felt that additional protection must be obtained for RI in case there were other corporate claims on United reserves or the parent was contesting a claim from RI based on the guarantee. Opinions varied on what the lower level of a targeted range should be: those for a plan with no guarantees, somewhat lower than that but higher than United's guaranteed amount, or lower only if United would raise

its guarantee.

NHPRI:

NHPRI is eight percentage points of revenue below the bottom of its proposed get range. They have suggested they should only be held to regulatory levels.

Council members were not comfortable with NHPRI's proposed levels. They also recognized the competing pressures on Medicaid to fund other priorities besides their reserves. They asked how OHIC would work with DHS on this issue.

- **Small Market Conduct Exam:**

- Mr. Koller reviewed the context for these examinations and the legislative mandate. Health Plan examination reports are expected to be completed in mid July. Unlike reserves, this is technical work and opportunities for public input are limited.

- Once finalized, the exam reports – one for each plan and one policy summary – will be reviewed with the Council.

3. Pending Legislation

- Matt Stark of OHIC reviewed the Legislature's proposed "Health Care Reform Act of 2006".

- Conversation focused on what would be the components for an affordable health plan and how to match with consumer expectations for board coverage at low prices. An advisory committee will be set up for that process which will be time limited and independent from the responsibilities of this group.

- The second area of conversation was on transparency. The following points were made:
- More information in any setting is good. There is a lot of asymmetry in the availability of medical information and anything to address it would be helpful.
- There is concern about race to the top for providers who know one another's rates and demand parity.
- There is also concern about a race to the bottom for institutional providers who are forced to cut prices on their outpatient services to match the ambulatory settings – even though those settings do not have teaching or charity care requirements.
- How to deal with paucity of quality information.
- Will consumers act on this?
- The proposed bill is mild – calls for work group to look at how and what the priorities should be.
- As this conversation was in the middle of the final days of the legislative session (where several members of the council were probably spending their time that night), there was no resolution. OHIC will implement whatever is passed.

4. July and August Meetings

- These are cancelled. The Council will reconvene in September with a new agenda for the year. First up will be the results of the small group market conduct exam and several new regulations to be issued by the Office this summer.
- Mr. Koller thanked the Council for their hard work. Among its

accomplishments this year were:

- Reviewing and affirming OHIC Principles of Affordability for use in Rate Hearings**
- Council and Direction on BCBSRI Board Compensation issue.**
- Council and Direction on Health Plan Reserves discussion.**
- Feedback on work of Provider/Health Plan work group.**
- Feedback on Legislative proposals – particularly price and quality transparency.**

These have proven useful for OHIC in the accomplishment of its statutory obligations.

Next Meeting:

September 19, 2006